

## Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-13

OMB-01 TRSE-00 SAJ-01 EB-07 OES-06 /096 W

-----040902Z 064310 /17

R 040800Z JAN 77

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 7155

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TRIPOLI

USMISSION NATO

DIA WASHDC

USCINCEUR

USDOCOSOUTH NAPLES

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E.O. 11652: N/A

TAGS: PINT, PFOR, MT

SUBJECT: PRIME MINISTER MINTOFF'S NEW YEAR'S ADDRESS

1. BEGIN SUMMARY: PRIME MINISTER DOM MINTOFF DELIVERED HIS CUSTOMARY END-OF-THE-YEAR ADDRESS TO THE NATION ON TELEVISION AND RADIO ON DECEMBER 31. AS HAS BECOME NORMAL WITH SUCH SPEECHES BY MINTOFF, IT WAS A SOBER, RESTRAINED REVIEW OF "PROGRESS" DURING THE PAST YEAR, TOGETHER WITH AN OUTLINE OF PLANS AND PROBLEMS TO BE FACED DURING 1977. ADOPTING THE TONE OF A FATHER LECTURING TO HIS CHILDREN, MINTOFF WARNED THAT THE CHALLENGING TIMES AHEAD FOR THE MALTESE WOULD REQUIRE EVERYONE TO WORK HARDER IF THE NATION IS TO "MEET ITS APPOINTMENT WITH DESTINY". MINTOFF ANNOUNCED A NUMBER OF PRICE INCREASES

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FOR GOVERNMENT-CONTROLLED UTILITY SERVICES, BUT PROMISED TO HELP OFFSET THESE COSTS BY INCREASING SOCIAL BENEFITS AS WELL. END SUMMARY

2. THE MAJORITY OF PRIME MINISTER MINTOFF'S SPEECH WAS DEVOTED TO A RECITAL OF ECONOMIC STATISTICS RELATING TO 1976, AS WELL AS PLANNED CHANGES IN UTILITY RATES AND

SOCIAL SECURITY BENEFITS FOR 1977. IN STATING THAT 1976 HAD BEEN A SUCCESSFUL YEAR FOR THE MALTESE ECONOMY, THE PRIME MINISTER CITED THE FOLLOWING RESULTS AS PROOF:

(A) THE NUMBER OF TOURISTS COMING TO MALTA INCREASED FROM 334,000 IN 1975 TO 340,000 IN 1976;

(B) THE GROSS NATIONAL PRODUCT INCREASED FROM MALTESE POUNDS 158 MILLION IN 1975 TO 188 MILLION IN 1976;

(C) EXPORTS ROSE FROM MALTESE POUNDS 50 MILLION IN 1975 TO 80 MILLION IN 1976;

(D) MALTA'S FAVORABLE BALANCE OF PAYMENTS INCREASED FROM MALTESE POUNDS 50 MILLION IN 1975 TO 57 MILLION IN 1976.

3. MINTOFF ADDED THAT THE MOST SATISFYING DEVELOPMENT DURING 1976 WAS "THE FACT THAT, FOR THE FIRST TIME IN THE HISTORY OF OUR COUNTRY, THE MALTESE BECAME UNITED IN THE BELIEF THAT THE PRESENCE OF A FOREIGN (MILITARY) BASE BRINGS ONLY DISTORTION, STRIFE AND POVERTY TO THE COUNTRY."

4. MINTOFF ALSO BOASTED THAT, AT LAST, THE MALTESE PEOPLE WERE OF ONE MIND ON THIS SUBJECT, I.E. THAT THE FOREIGN (BRITISH) MILITARY BASE SHOULD FINALLY COME TO AN END IN MARCH 1979.

5. MINTOFF WARNED, HOWEVER, THAT ALTHOUGH THE FORTHCOMING END OF THE FOREIGN BASE IS A "CAUSE FOR GREAT JOY", IT ALSO WILL INVOLVE A GREAT RESPONSIBILITY FOR ALL MALTESE, SO THAT THE WORKERS NOW DEPENDENT ON THE BASE FOR LIMITED OFFICIAL USE

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EMPLOYMENT WILL BE PROVIDED WITH ALTERNATIVE JOBS OVER THE NEXT FEW YEARS.

6. IN THIS CONNECTION, MINTOFF STATED THAT IT WOULD BE NECESSARY FOR THE NATION TO BEGIN "ELIMINATING FAT AND FLEXING ITS MUSCLES" IN ORDER TO MEET THE CHALLENGES OF THE FUTURE WITH "GREATER STRENGTH AND EFFICIENCY."

7. ACCORDINGLY, HE ANNOUNCED A NUMBER OF IMMEDIATE INCREASES IN UTILITY RATES DESIGNED TO REDUCE LOSSES WHICH THE PUBLIC SECTOR HAD EXPERIENCED IN 1976 AND PREVIOUS YEARS. THESE INCLUDED THE FOLLOWING:

(A) A DOUBLING OF THE CHARGES FOR TELEPHONE CALLS (AFTER THE FIRST 150 CALLS EVERY THREE MONTHS) FROM ONE TO TWO MALTESE CENTS PER CALL;

(B) MORE THAN A THREE-FOLD INCREASE IN THE PRICE OF KEROSENE (USED EXTENSIVELY BOTH FOR HEATING AND COOKING) FROM 5.8 TO 20 MALTESE CENTS PER GALLON;

(C) AN INCREASE IN DIESEL FUEL FROM 16 TO 22 MALTESE

CENTS PER GALLON;

(D) AN INCREASE IN THE PRICE OF BOTTLED GAS IN  
CYLINDERS (USED FOR COOKING) FROM 1.60 TO 1.90 MALTESE  
POUNDS PER CYLINDER.

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8. MINTOFF BLAMED MOST OF THESE INCREASES ON THE RISE  
IN THE PRICE OF IMPORTED PETROLEUM RESULTING FROM THE  
APPRECIATION OF THE AMERICAN DOLLAR AGAINST THE MALTESE  
POUND. HE POINTED OUT THAT A YEAR AGO, THE OFFICIAL  
RATE OF EXCHANGE WAS APPROXIMATELY TWO-AND-A HALF AMERICAN  
DOLLARS TO THE MALTESE POUND, WHILE TODAY IT WAS  
APPROXIMATELY TWO-AND-A THIRD DOLLARS. THEREFORE,  
DESPITE THE FACT THAT "PRESIDENT QADHAFI WISHES  
PROSPERITY TO MALTA AND IS OUR FRIEND", THE COST OF  
IMPORTED OIL FROM LIBYA HAD BEEN ALMOST THREE QUARTERS  
OF A MILLION MALTESE POUNDS HIGHER IN 1976 THAN DURING  
THE PREVIOUS YEAR.

9. MINTOFF ADDED THAT STEPS WOULD BE TAKEN TO ASSURE THAT BAKERS OF RATIONED (I.E. SUBSIDIZED) BREAD AND LIMITED OFFICIAL USE

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PUBLIC BUS OPERATORS, AS WELL AS OTHER "ESSENTIAL AND EFFICIENT" INDUSTRIES, WOULD NOT SUFFER UNDULY FROM THE HIGHER UTILITY RATES. HE ALSO ANNOUNCED THAT ALL MALTESE NOW ON THE SOCIAL SECURITY ROLLS WOULD RECEIVE AN ADDITIONAL 60 MALTESE CENTS PER WEEK TO HELP OFFSET THE UTILITY INCREASES.

10. FOR OTHERS, THE PRIME MINISTER PROMISED TO ASK PARLIAMENT TO APPROVE THE ANNUAL BUDGET A MONTH EARLY IN 1977 (BY THE END OF FEBRUARY), SO THAT PLANNED INCREASES IN MINIMUM WAGES, OLD AGE PENSIONS, AND CHILDREN'S ALLOWANCES COULD BE GRANTED SOONER TO HELP MEET THE HIGHER COST-OF-LIVING WITH WHICH EVERYONE WOULD BE FACED.

11. MINTOFF ALSO ANNOUNCED THAT THE NOW LEGALLY MANDATORY "CHRISTMAS BONUS" WOULD BE INCREASED FROM 48 TO 60 MALTESE POUNDS PER EMPLOYEE IN 1977. HE ALSO GAVE DETAILS OF A NEW INTEREST SUBSIDY SCHEMEM TO PROMOTE EXPANDED HOME OWNERSHIP IN MALTA, SAYING THAT HE WANTED THE MALTESE TO BECOME HOME OWNERS BEFORE INTRODUCING SUCH LUXURIES AS COLOR TELEVISION TO THE COUNTRY.

12. IN CLOSING, THE PRIME MINISTER WARNED THAT, IN THE FUTURE, "MORE FAT WOULD HAVE TO BE SHED", AND THAT THE MEASURES HE WAS ANNOUNCING WERE ONLY THE INITIAL STEPS IN THIS CAMPAIGN. HE ADMONISHED THE THE WORKERS AT THE DRYDOCKS TO INTRODUCE REFORMS AND INCREASE PRODUCTIVITY THERE, AND HE OUTLINED NEW ADMINISTRATIVE PROCEDURES TO BE USED AGAINST FUTURE "BRAECHES OF DISCIPLINE" AMONG GOVERNMENT EMPLOYEES. MALTA'S FUTURE DEPENDED ON "HARDER WORK" BY EVERYONE, HE SAID, AND THIS WAS AN EFFORT WHICH SHOULD BE UNDERTAKEN WITH "JOY AND PRIDE" IN THE YEAR TO COME.

13. COMMENT: THIS WAS ANOTHER OF MINTOFF'S "FARTHER-LIMITED OFFICIAL USE

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KNOWS-BEST" LECTURES TO THE MALTESE PEOPLE, WHICH HAD A SCOLDING TONE ABOUT IT, AND WHICH CERTAINLY HAS NOT BEEN RECEIVED WITH ANY SHOUTS OF ENTHUSIASM. IN HIS EFFORTS TO OFFSET GROWING UTILITY COSTS, MINTOFF IS

HITTING ALMOST EVERY MALTESE RIGHT WHERE IT HURTS -- IN THE POCKETBOOK. HIS CONTINUED WARNINGS THAT EVERYONE HAS TO WORK HARDER TO HELP OFFSET FORTHCOMING ECONOMIC DISLOCATIONS AS THE BRITISH MILITARY FORCES DEPART HAVE NOT YET PRODUCED ANY NOTICEABLE RESULTS AMONG THE EASY-GOING MALTESE. EDITORIAL REACTION TO MINTOFF'S ADDRESS HAS LARGELY CENTERED ON ONE OBVIOUS CLINKER IN HIS SPEECH: HIS CLAIM THAT THE PRESENCE OF BRITISH MILITARY FORCES HAS BROUGHT "POVERTY" TO MALTA. IF THERE IS ONE THING WHICH ALL MALTESE REALIZE, IT IS THAT THROUGHOUT LIVING MEMORY THEIR FRAGILE ECONOMY HAS BEEN PROPPED UP BY BRITISH AND NATO MILITARY SUBSIDIES. AND MINTOFF KNOWS THIS JUST AS WELL AS ANYONE ELSE, DESPITE WHAT HE MIGHT SAY TO THE CONTRAY. (ONE MALTESE POUND EQUALS APPROXIMATELY US DOLS 2.35) END COMMENT  
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## Message Attributes

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